

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF HAWAII

CAROL J. NELSON

Plaintiff,

vs.

ALAN JONES; DOES 1-30,

Defendants.

ROBERT ALAN JONES,  
a Nevada resident,

Counterclaimant,

vs.

CAROL NELSON, a Hawaii  
resident; MICHAEL CETRARO,  
a Montana resident; CHARLES  
HEAUKULANI, Esq., a Hawaii  
resident; and ROBERT SHELBY  
Esq., a Utah resident; MICHAEL  
BILANZICH, a Utah resident,  
and JEFFREY GROSS, Esq.,  
a Utah resident,

Counterclaim  
Defendants.

COPY

Case No. 01-  
00182 HG LEK

DEPOSITION OF ROBERT ALAN JONES

Taken on Tuesday, July 2, 2002

At 9:10 a.m.

2300 West Sahara Avenue, Suite 770

Las Vegas, Nevada

REPORTED BY: Cynthia K. DuRivage, CSR No. 451

P's Exhibit 15

1                   they are controlled or operated  
2                   with Michael Bilanzich as  
3                   principal thereof in law or  
4                   fact (hereinafter individually  
5                   and collectively, 'Sellers')  
6                   on the one hand..." and then it  
7                   goes on.

8                   Did you come up with that language?  
9                   Is that your language?

10                  A.    I don't remember, but it's consistent  
11                  with what I would have done.

12                  Q.    And why would you have done that?

13                  A.    Because I couldn't figure out who  
14                  owned what in terms of actual title.

15                        I may have provisioned -- this  
16                  language relates, I may have provisioned for the  
17                  execution of actual transfer documents with respect  
18                  to individual assets.

19                        For example, there was a transfer  
20                  document with respect to the -- to the Honolulu  
21                  operation, which was in a separate corporation  
22                  owned by Mike.

23                        There was a transfer document with  
24                  respect to the original store in Kainiliu, Kona,  
25                  Hawaii, which was owned by I didn't know whom.

1 Q. What was your understanding of the  
2 purpose of providing for a bill of sale? Was that  
3 for the contents of the condominium?

4 A. No.

5 Q. What was that for?

6 A. It was -- you can't transfer a real  
7 estate interest without a written document in the  
8 State of Hawaii, and real estate from Bilanzich to  
9 me, I needed a separate conveyance document.

10 Q. Was it your understanding that you  
11 needed something besides a quitclaim deed to  
12 transfer title?

13 A. Title wasn't involved. Title was not  
14 involved.

15 Q. Was it your understanding that you  
16 needed something other than a quitclaim deed to  
17 transfer whatever interest that Royal Aloha had in  
18 the condominium?

19 A. Yes.

20 Q. What was the basis for that  
21 understanding that something else was needed?

22 A. My general understanding of the law  
23 of Hawaii.

24 Q. And that something else was a bill of  
25 sale?

1 Aloha. I'm saying this wrong.

2 That Connie was talking about  
3 unwinding the deal because BACH owned the  
4 trademark, Royal Aloha was in bankruptcy, and they  
5 had no further duty to Cetraro.

6 Cetraro was saying -- see, I don't  
7 know what was said between them.

8 Q. I understand.

9 A. Cetraro was reporting this to me.

10 Q. How did that subject come up? Did  
11 you bring up the subject of the condominium?

12 A. No. He brought it up.

13 To me, it was obvious that he was  
14 feeling like he hadn't gotten what he had bargained  
15 for or was not going to get what he had bargained  
16 for because of the subsequent bankruptcy of Royal  
17 Aloha, which occurred two years after he made --  
18 he and Nelson made the deal with Bilanzich.

19 Q. Was there any discussion at that time  
20 about transferring title to you or any of your  
21 entities to the condominium?

22 A. First of all, there was never any  
23 discussion about transferring title. You keep  
24 using that. It's not only irrelevant; there was  
25 never any discussion, ever, ever, ever.

1 Nelson until after the mortgage was paid off.

2 As a matter of fact, I even went that  
3 summer to seek possible mortgage financing, and  
4 we're talking about the summer of '99.

5 The very next thing that happened  
6 was: In November, Bilanzich sent out a letter from  
7 Royal Aloha stating that the bankruptcy court had  
8 voided all the license agreements and that the  
9 licensees would have a grace period to  
10 December 31st within which to sign a new franchise  
11 agreement with BACH.

12 Q. Before we get to that, I'm going to  
13 back up because I want to make sure I understand  
14 what you've told me.

15 A. Okay. No problem.

16 Q. Is it your testimony that during the  
17 1998-1999 time frame, you had conversations with  
18 Cetraro in which you discussed with him that the  
19 next step with respect to the condominium would be  
20 to do documentation between you or your entity and  
21 Nelson by which title was either transferred to  
22 your side, or there was an agreement of purchase  
23 with title being transferred after the necessary  
24 amounts were paid?

25 A. Yes.

1 discussions with?

2 A. I don't remember. We can figure it  
3 out if we needed to, but I don't remember right  
4 now.

5 Q. Did you ever enter into a listing  
6 agreement?

7 A. No, I didn't enter into it. I didn't  
8 have time to. My discussions were based on the  
9 title being transferred to me.

10 Q. Have you ever had the condominium  
11 appraised?

12 A. No. I had -- at the time that I was  
13 talking to a real estate firm, I had them run comps  
14 out of the computer, but I did not have an actual  
15 appraisal done, no.

16 Q. And you have never had the  
17 condominium appraised at any time?

18 A. Not up to now, I have not.

19 Q. Are you aware of any appraisals that  
20 were commissioned by others, someone other than  
21 yourself?

22 A. No.

23 Q. Do you currently have possession of  
24 the condominium?

25 A. Yes.

1 Q. Since June of 1998, you have had --

2 A. I have been in continuous possession  
3 of the condominium since June of 1998.

4 Q. That is to the exclusion of anyone  
5 else having use of it, correct? For example,  
6 Mr. Cetraro or Ms. Nelson?

7 A. Correct.

8 Q. Have you ever rented or leased the  
9 condominium to anyone during the period in which  
10 you had exclusive possession of the property?

11 A. No.

12 Q. Have you ever attempted to do it?

13 A. No.

14 Q. Have you been prevented by any  
15 uncertainty as to ownership in entering into any  
16 lease arrangement with anyone?

17 A. No. First, I don't think there's any  
18 uncertainty as to ownership, but Mr. Cetraro is on  
19 the board of directors of the association of the  
20 condominium and has certain controls over the board  
21 of directors, which include everything from parking  
22 privileges to mailboxes to who they let in and who  
23 they don't. And he has attempted to make life very  
24 difficult for me during that time.

25 I wouldn't dare try to lease it to